

House File 504 - Introduced

HOUSE FILE 504
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 76)

A BILL FOR

1 An Act relating to electronic delivery and posting of insurance
2 notices and documents.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 505B.1, subsection 2, Code 2015, is
2 amended to read as follows:

3 2. Subject to ~~subsection 4~~ the requirements of this
4 section, except for a notice of cancellation, nonrenewal,
5 or termination, any notice to a party or any other document
6 required under applicable law in an insurance transaction or
7 that is to serve as evidence of insurance coverage may be
8 delivered, stored, or presented by electronic means so long as
9 the notice or document meets the requirements of chapter 554D.
10 A notice of cancellation, nonrenewal, or termination shall be
11 delivered by mail as provided by law and shall not be delivered
12 solely by electronic means. However, such a notice may also be
13 delivered by electronic means as a courtesy to a party.

14 Sec. 2. Section 505B.1, subsection 4, Code 2015, is amended
15 by adding the following new paragraphs:

16 NEW PARAGRAPH. 0d. On at least an annual basis, the insurer
17 notifies the party of the party's electronic mail address on
18 file with the insurer.

19 NEW PARAGRAPH. 00d. The insurer takes measures reasonably
20 calculated to ensure that delivery of a notice or document by
21 electronic means results in receipt of the notice or document
22 by the party.

23 Sec. 3. Section 505B.1, subsection 8, paragraph c, Code
24 2015, is amended to read as follows:

25 c. Failure by an insurer to comply with subsection 4,
26 ~~paragraph~~ paragraphs "0d", "00d", and "d", may be treated,
27 at the election of the party, as a withdrawal of consent for
28 purposes of this section.

29 Sec. 4. Section 505B.1, subsection 10, Code 2015, is amended
30 to read as follows:

31 10. If the consent of a party to receive certain notices
32 or documents in an electronic form is on file with an insurer
33 before July 1, 2014, and pursuant to this section an insurer
34 intends to deliver additional notices or documents to such
35 party in an electronic form, then prior to delivering such

1 additional notices or documents electronically, the insurer
2 shall ~~notify the party~~ do all of the following:

3 a. Provide the party with a statement that describes all of
4 the following:

5 ~~a.~~ (1) The notices or documents that ~~may~~ will be delivered
6 by electronic means under this section that were not previously
7 delivered electronically.

8 ~~b.~~ (2) The party's right to withdraw consent to have
9 notices or documents delivered by electronic means without
10 the imposition of any condition or consequence that was not
11 disclosed at the time of initial consent.

12 b. Comply with all of the requirements of subsection 4,
13 paragraph "b".

14 Sec. 5. Section 505B.1, subsection 11, Code 2015, is amended
15 by striking the subsection and inserting in lieu thereof the
16 following:

17 11. An insurer shall deliver a notice or document by any
18 other delivery method permitted by law other than electronic
19 means if either of the following occurs:

20 a. The insurer attempts to deliver the notice or document by
21 electronic means and has a reasonable basis for believing that
22 the notice or document has not been received by the party.

23 b. The insurer becomes aware that the electronic mail
24 address provided by the party is no longer valid.

25 Sec. 6. Section 505B.1, Code 2015, is amended by adding the
26 following new subsection:

27 NEW SUBSECTION. 11A. An insurance producer licensed
28 pursuant to chapter 522B shall not be subject to civil
29 liability for any harm or injury that occurs as a result of a
30 party's consent to receive any notice or document by electronic
31 means or an insurer's failure to deliver a notice or document
32 by electronic means.

33 Sec. 7. Section 505B.2, Code 2015, is amended to read as
34 follows:

35 **505B.2 Posting of policies on the internet.**

1 1. Notwithstanding any contrary provision of chapter
2 554D, an insurer may mail, deliver, or post on the insurer's
3 internet site insurance documents, including policies, riders,
4 endorsements, and annuity contracts that do not contain
5 personally identifiable information. If the insurer elects
6 to post an insurance policy or endorsement on the insurer's
7 internet site in lieu of mailing or delivering the policy or
8 endorsement to the insured, the insurer must comply with all of
9 the following conditions:

10 ~~1.~~ a. The policy or endorsement must be accessible and
11 remain accessible to the insured and to the licensed insurance
12 producer of record for as long as the policy or endorsement is
13 in force.

14 ~~2.~~ b. After the expiration of the policy or endorsement,
15 the insurer must archive the expired policy or endorsement for
16 a period of five years or other period required by law, and
17 make the policy or endorsement available upon request.

18 ~~3.~~ c. The policy or endorsement must be posted in a manner
19 that enables the insured and the licensed insurance producer
20 of record to print and save the policy or endorsement using
21 programs and applications that are widely available on the
22 internet and free to use.

23 ~~4.~~ d. The insurer must provide the following information
24 in, or simultaneously with, each declarations page provided at
25 the time of issuance of the initial policy and any renewal of
26 that policy:

27 ~~a.~~ (1) A description of the exact policy or endorsement
28 purchased by the insured.

29 ~~b.~~ (2) ~~A method by which the insured may obtain~~ description
30 of the insured's right to receive, upon request and without
31 charge, a paper copy of the insured's policy or endorsement by
32 mail.

33 ~~c.~~ (3) An internet address where the insured's policy or
34 endorsement is posted.

35 e. The insurer, upon request and without charge, must

1 deliver a paper copy of the policy or endorsements to the
2 insured by mail.

3 ~~5.~~ f. The insurer must provide notice, in the format
4 preferred by the insured, of any changes to the policy or
5 endorsement, the insured's right to obtain, upon request and
6 without charge, a paper copy of such policy or endorsement,
7 and the internet address where such policy or endorsement is
8 posted.

9 2. Nothing in this section shall be construed to affect
10 the timing or content of any notice or document required to be
11 provided or made available to any insured under applicable law.

12 EXPLANATION

13 The inclusion of this explanation does not constitute agreement with
14 the explanation's substance by the members of the general assembly.

15 This bill relates to the electronic delivery and posting of
16 insurance notices and documents. The bill provides that the
17 electronic delivery of such notices and documents by insurers
18 must meet the requirements of Code section 505B.1 as well as
19 the requirements of Code chapter 554D, which relates generally
20 to electronic transactions. However, a notice of cancellation,
21 nonrenewal, or termination of insurance must be delivered by
22 mail and not solely by electronic means.

23 The bill provides that an insurer must notify the party
24 annually of the party's electronic address that is on file
25 for the party and take reasonable measures to ensure that
26 electronic delivery to the party is successful. If the
27 insurer intends to electronically deliver additional notices
28 or documents to a party who has consented to such delivery,
29 the insurer must provide the party with a statement describing
30 what additional items will be electronically delivered, and
31 reiterate what consent means and the party's right to withdraw
32 such consent.

33 An insurer is required to deliver a notice or document by any
34 other delivery method permitted by law if the insurer attempts
35 an electronic delivery and reasonably believes the party did

1 not receive the notice or document, or the insurer becomes
2 aware that the party's electronic mail address is no longer
3 valid.

4 An insurance producer licensed pursuant to Code chapter 522B
5 shall not be subject to civil liability for any harm or injury
6 that occurs because of a party's consent to receive electronic
7 delivery or an insurer's failure to electronically deliver a
8 notice or document.

9 A policy or endorsement posted on an insurer's internet site
10 instead of being mailed or delivered must be accessible to
11 the insured and to the licensed insurance producer of record
12 for as long as the policy or endorsement is in force, must be
13 archived for a period of five years or other period required
14 by law, and must be posted in a manner that allows the insured
15 and the insurance producer to print the policy or endorsement.
16 The insurer must also provide information upon issuance of the
17 policy or upon renewal about the insured's right to request a
18 paper copy of the policy or endorsement by mail without charge.

19 The bill provides that nothing in Code section 505B.2 shall
20 be construed to affect the timing or content of any notice
21 or document required to be provided or made available to any
22 insured under applicable law.